

For Immediate Release



Li Ning Delivered Spectacular Results

Profit attributable to equity holders surged 68.3% to RMB333.7 million

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Strong growth momentum set to perpetuate beyond the Olympics, fueled by rapid urbanization, rising purchasing power and increasing enthusiasm for sports

Financial Highlights

RMB Million	For six months ended 30 June		Change (%)
	1H2008	1H2007	
Revenue	3,060.8	1,909.4	+60.3
Gross profit	1,482.2	930.4	+59.3
Profit attributable to equity holders	333.7	198.3	+68.3
Basic EPS (RMB cents)	32.24	19.21	+67.8
Interim dividend per ordinary share (RMB cents)	9.63	5.76	+67.2

(27 August 2008 – Hong Kong) – **Li Ning Company Limited** (“**Li Ning**” or the “Group”; HKSE stock code: 2331), one of the leading sports brand enterprises in China, announced its results for the first half of 2008. For the six months ended 30 June 2008, the Group’s revenue grew by 60.3% to RMB3,060,768,000. Profit attributable to equity holders rose by 68.3% to RMB333,732,000. Contributing to 98.1% of the total revenue, LI-NING branded products saw sales surge by 60.1% to RMB3,002,421,000.

Basic earnings per share were 32.24 RMB cents, up 67.8% from the same period last year. The Board of Directors declared an interim dividend of 9.63 RMB cents per ordinary share (2007: 5.76 RMB cents).

“On the back of a mixed macroeconomic environment, the Group recorded another set of strong results for the first half of 2008. This remarkable achievement wouldn’t be possible without our persistent effort in enhancing our core competencies in branding, distribution, supply chain management as well as product research and development. These efforts have clearly borne fruits and enable us to support the rapid growth of our core business, the LI-NING brand while developing a multi-brand structure in order to develop new business streams. Meanwhile, the enthusiasm surrounding the hosting of the Beijing Olympic Games was aptly tapped into by the Group’s Olympics promotion strategies, providing additional impetus to stimulate sales during the period,” said Mr. Li Ning, Chairman of the Group.

During the period, LI-NING branded footwear products recorded significant growth of 81.9% over the same period last year, while apparel and accessories products grew 45.8% and 40.4%, respectively. The sharp increase in revenue was primarily attributed to (i) strong and effective integrated sales and marketing strategies; (ii) concerted efforts to increase same-store sales growth across all market segments; (iii) continuous sales channel expansion, particularly in second- and third-tier cities in China with the biggest growth potential; (iv) improved product design and development that cater to different market segments and consumer preferences; and (v) enhanced efficiency of the supply chain, encompassing different aspects from product design planning to distribution logistics. All of these initiatives, coupled with the strong demand generated by the Beijing Olympic Games, helped to boost sales across all product categories.

The Group's Z-DO brand and AIGLE brand generated revenue totaling RMB58,347,000, representing 1.9% of the total revenue.

On network expansion, the total number of retail outlets as at 30 June 2008 was 6,393(5,853 of which were Li-Ning brand stores), representing a net increase of 717 stores for the period under review. As at 30 June 2008, the domestic distribution and retail network of the Group's various brands comprised approximately 243 distributors operating a total of 6,056 franchised retail outlets under the LI-NING brand, the Z-DO brand and the AIGLE brand across the PRC; and a total of 337 directly-managed retail stores and concession counters under the LI-NING brand and the AIGLE brand in Beijing, Shanghai and 14 provinces in China. As at 30 June 2008, the Z-DO brand was present in 114 cities, with 70 distributors and 506 stores. As at 30 June 2008, a total of 34 AIGLE stores had been opened in China.

On product research and development, the Group announced in March this year its alliance with Michelin for the development of sports-related footwear products. This involves applying Michelin's tyre-making technology onto the soles of LI-NING's footwear products, offering consumers footwear products with superior traction and durability.

On marketing and promotion, the Group capitalized on opportunities brought by the Beijing Olympic Games and implemented an integrated sports marketing strategy based on the Olympics theme to raise the awareness of the LI-NING brand among the international audience.

In April, the Group launched a three-phased Olympic promotion programme targeting 30 major shopping centers covering 25 cities to strengthen its association with major points of sales in the country and further promote the brand.

In July, the Group announced its partnership with Beijing's Nirvana Yoga, which shows the biggest growth potential in the fitness market in China. This collaboration made LI-NING the first recognised sports brand to promote yoga as a healthy lifestyle on a large scale in China. In future, the LI-NING brand will continue to associate itself with the successful integration of sports and lifestyle.

A multi-brand model forms the heart of Li Ning's strategy. On 21 July 2008, the Group completed the applicable transfer and registration procedures in relation to its acquisition of a 57.5% equity interest in 上海紅雙喜股份有限公司 (Shanghai Double Happiness Co., Ltd.), making it a non-wholly owned subsidiary.

On 31 July 2008, through a wholly-owned subsidiary, 李寧(中國)體育用品有限公司(Li Ning (China) Sports Goods Co., Ltd.) ("Li Ning Sports"), the Group entered into the license agreement with Lotto Sport H.K. Limited ("Lotto Sport", which is ultimately beneficially owned by Lotto Sport Italia S.p.A.). Under the terms of the agreement Lotto Sport granted Li Ning Sports an exclusive license for approximately 20 years to use the Lotto trademarks in China in connection with the development, manufacture, marketing, advertising, promotion, distribution and sale of the licensed Lotto products. In line with the Group's multi-brand strategy, this long-term licensing co-operation will strengthen the Group's product offering and market position in the fast growing sports fashion sector in China.

Going forward, the Group will continue to invest in brand building, focus on expanding the sales network expansion and improving store efficiency to achieve rapid and sustainable growth of the core business under the LI-NING brand. At the same time, the Group will propagate its well-planned pursuit of a multi-brand strategy in order to develop new business streams. This will enable the Group to enhance its competitiveness and to add new components to propel future growth.

"Rapid urbanization, rising purchasing power and increasing demand for sports and leisure activities spur the growth of China's sporting goods industry. Nonetheless, enterprises with competitive advantage in the industry are accelerating their own efforts in an attempt to gain market share and to address intensifying competition. This underpins the increased challenges and opportunities in the industry. We will continue to leverage our core competencies and our position as China's leading sports brand with an outstanding and professional management team. We are well prepared to meet all challenges and to exploit any business opportunities that may arise. We shall focus on increasing the competitiveness of our brands while fostering new business prospects and innovation to encourage further development," Mr. Li concluded.

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About Li Ning Company Limited

Li Ning Company Limited is one of the leading sports brand enterprises in the PRC. It has its own branding, research and development, design, manufacturing, distribution and retail capabilities. The Group's products include sports footwear, apparel and accessories for sport and leisure use which are primarily sold under its own LI-NING brand. The Group has established an extensive distribution and retail network in the PRC, under which distributors manage the franchised LI-NING retail outlets in congruence with the Group's marketing direction. The Group also directly manages its own LI-NING retail outlets and concessions. In addition, the Group has established a joint venture with AIGLE under which the joint venture has been given the exclusive right by AIGLE to manufacture, market, distribute and sell for 50 years in the PRC, outdoor sports products which bear the AIGLE trademarks registered and owned by AIGLE. In April 2007, the Group officially launched a new brand called Z-DO. Z-DO's products include sports footwear, apparel and accessories, primarily targeting hypermarkets as its sales channel.

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